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VIA FEDERAL EXPRESS

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20006

Re: Village of Croton-on-Hudson, New York v. Buffalo Southern Railroad, Inc., et al.
Finance Docket No. 34905

Dear Secretary Williams:

On behalf of Buffalo Southern Railroad, Inc. ("BSOR"), RS Acquisition Co., LLC ("RSA") and Northeast Interchange Railway, LLC ("NIR"), this letter will serve as a report in accordance with 49 CFR 1111.10(a). Counsel for BSOR, RSA and NIR conferred on August 8, 2006 with counsel for the Village of Croton-on-Hudson, New York (the "Village") and counsel for Greentree Realty, LLC ("Greentree") to discuss discovery and procedural matters relating to the above-captioned case.

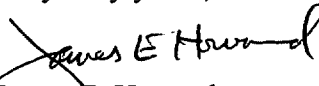
The Village's proposal is set forth in its letter to the Board dated August 9, 2006. For the reasons set forth below, BSOR, RSA and NIR disagree with the Village's proposal and suggest that all parties be directed to submit a discovery and procedural proposal only after the Board has considered the pleadings in this case and in Finance Docket No. 34903 and has provided guidance to parties with respect to the handling of these related cases.

Prior to the filing of the complaint in Finance Docket No. 34905, BSOR filed a notice of exemption and motion to dismiss in Finance Docket No. 34903. The notice and motion raised the fundamental issue that is common to both proceedings--whether the track that is being operated by BSOR in Croton is an excepted track within the meaning of 49 U.S.C. 10906 or a line of railroad. On July 19, 2006, August 9, 2006, and August 14, 2006, BSOR, Greentree and RSA/NIR, respectively, filed petitions requesting the Board to hold this proceeding in abeyance and to stay discovery until such time as the Board issued a decision providing the parties procedural clarification and direction concerning the resolution of the fundamental underlying issue noted above and the other

issues in the 2 proceedings. As of this time, the Board has not acted except to enter a "housekeeping" stay on July 3, 2006 in Finance Docket No. 34903.

As described in the petitions to hold the proceedings in abeyance, the commencement of discovery and creation of a record in this case are premature and would likely be duplicative of activity in Finance Docket No. 34903. Furthermore, the Village has not even alleged, much less demonstrated, any prejudice if discovery and the formulation of a procedural schedule are deferred until the Board completes its review of the situation. Consequently, BSOR, RSA and NIR respectfully request the Board to complete its review and advise the parties after such review how it intends to resolve the various issues. At that time, the parties should be permitted, if necessary and appropriate in light of the Board's decision, to confer and submit a proposal or proposals concerning discovery and a schedule, all of which will presumably be more fully informed and focused as a result of the Board's guidance.

Very truly yours,


James E. Howard

cc: Michael B. Gerrard
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